

## **Town of Bedford Finance Committee**

Town Hall, Selectmen's Meeting Room

February 13, 2014

Members in attendance: Rich Bowen, Tom Busa, Stephen Carluccio, Elizabeth McClung, Barbara Perry, Mike Seibert (Chair), Steve Steele.

Others in attendance: Gene Clerkin, *Community Preservation Committee (Chair)*; Margot Fleischman, *Selectmen*; Glenn Garber, *Planning Director*; Victor Garofalo, *Director of Finance and Collector/Treasure*; Bill Moonan, *Selectmen (Chair)*; Ed Pierce, *School Committee (Chair)*; Jessica Porter, *Assistant Town Manager and Community Preservation Committee administrative liaison*; Rick Reed, *Town Manager*; Abbie Seibert, *School Committee*; Jon Sills, *Superintendent of Schools*.

### **Community Preservation budget presentation:**

Community Preservation Committee Chair Gene Clerkin began the presentation by saying that there are two balances— \$ 435,595 in the estimated FY14 Undesignated Fund Balance and \$ 81,900 in General Reserve, equaling about \$510,000—that will be carried forward from FY14.

CPC recommends using the remaining \$81,900 FY14 General Funds for part of the \$215,000 proposed to complete exterior renovations on the passenger building on the old Depot. Another \$133,100 would also be transferred from the Historic Preservation Fund to reach the amount required.

CP Revenue expected in FY15 includes \$ 1,381,962.00 from the CPA surcharge, an estimated 27% match from the State Distribution Fund equaling \$ 366,648.00 and interest totaling \$12,000. The sum of these figures is \$1,760,610.00. With the addition of the current Undesignated Fund balance, the total CPA account would equal \$2,196,205 once all funds are received.

For Annual Town Meeting, Community Preservation makes these project recommendations:

#### **Historic Preservation**

• Bond Payment Town Center	\$199,900
• Shawsheen Pump House Restoration	102,953
• Police Station Cooling Tower Removal	15,847
• Town Hall Aluminum Window Rehab	15,275
• Historic Preservation Fund	<u>215,000</u> (Note: this was amended from \$200,00)
Total	\$ 548,975

#### **Open Space**

• Bond Payment 350A Concord Road	<u>\$ 477,813</u>
Total	\$ 477,813

### Affordable Housing

• Housing Consulting	\$ 15,000
• Ashby Place Kitchen/Bath Replacement	216,000
• Affordable Housing Reserves	<u>350,000</u>
Total	\$ 581,000

### Recreation

• Pedestrian Master Plan	\$ 40,000
• Irrigation Recreational Fields	76,470
• Hardscape Springs Brook Park Driveway	72,224
• Sabourin Field Press Box	<u>50,000</u>
Total	\$ 238,694

### Administrative & General Reserve

• Administrative Cost	\$ 10,000
• General Reserve	<u>350,000</u>
Total	\$ 360,000

The total of these five appropriations is: \$ 2,206,482

(Note: the total includes the additional \$15,000 for the depot building in Historic Preservation category.)

### Details:

The Town Center bond originated in 2009 and is a 7 ½ year loan.

Funds previously set aside to restore the slate roof Shawsheen pump house [about \$40,000] were unused because the project was too small and did not attract bids. The new project includes a roof, re-pointing, and windows and will hopefully be large enough to appeal to contractors.

The Police Station cooling tower replacement project involves removal of the current tower and installation of a new tower. The CP portion of the project is equivalent to the percentage of the building that is historic.

The Town Hall window project includes replacement of spring-loaded internal mechanisms on 40-50 windows. Because the mechanisms have failed, the windows do not open,

The passenger building at Depot Park is undergoing a multi-phase restoration. The first phase included re-roofing and repair of overhead structural supports. The second phase includes installation of a handicap accessible ramp, platform deck and main entrance funded by a grant from Mass Historic Commission. The second phase has been bid out but work has not yet begun.

Proposed funding for the third and final exterior phase of the project includes siding, windows and a handicap bathroom. Mr. Busa questioned the price tag, indicating \$215,000 seemed high for siding. Mr. Reed replied that the building is historic and historic restorations are more expensive.

Mr. Busa asked how much has already been spent on the passenger building. Mr. Reed said that the original estimate for restoration of the building, including interior and exterior, was in the range of \$1M. To date, only exterior restorations have been considered.

The second phase has gone out to bid and has attracted 5 bidders. About \$250,000 has been appropriated to date, including the \$60,000 Mass Historical grant, \$100,000 at last ATM and another \$75,000 from Historic Preservation funds. The new proposal would add another \$215,000. Including the design portion of the project—done in compliance with historic preservation guidelines— and the CP funding not yet approved, the Town will have appropriated \$500,000-\$600,000 for the building.

Mr. Reed said the design component of the project showed that \$160,000 wouldn't be enough to complete half of the exterior so the Selectmen agree to tap \$75,000 from the Historic Properties Preservation Fund to make up the difference. When the project ultimately went out to bid, it included an option to complete the entire exterior of the building. The lowest bid for the whole project now requires another \$215,000. Mr. Reed said the project is proceeding as planned but instead of doing phase after phase, the Depot Park Advisory Committee determined doing the whole project at once would be less expensive and take greater advantage of available Mass Historical Commission funding. The grant-determined deadline date for project completion is June 30, 2014. Work would commence in early April.

Mr. Moonan added that completion of the project will allow tenant rents to be increased to \$10/sq.ft. Rental income goes into the Depot Park revolving fund that is used to pay building expenses. The balance of that account as of 11/30/13 was \$60,924.33.

Mr. Reed reminded the Committee that the Depot Park area was once a down-at-the-heels, moribund property. Revitalization has resulted in positive economic retail and commercial benefits.

Mr. Busa responded that the dollar amounts spent on the depot buildings "are astronomical"; he added that the small yellow building was renovated for \$475,000 and moving the train car cost \$60,000.

Mr. Clerkin said that to satisfy the request for \$215,000, \$81,900 will be drawn from FY14 General Reserve and another \$133,000 from a transfer from the Historic Properties Preservation Fund. Mr. Clerkin added that CPC's intention is to keep a balance of \$1M in the Historic Preservation Fund; the plan is to replace funds money with incoming FY15 CP revenue.

Mr. Steele asked what the regional affordable housing consultants do for the town. Assistant Town Manager Jessica Porter replied that services provided by the consultants are well worth \$15,000. The consultants administer the HOME program, handle re-sales of affordable units, monitor all the rental properties and file considerable paperwork to get State and Federal funds.

The Ashby Place kitchen and bathroom renovation will be a two-phase, multi-year project. At issue are 80 units— now 40-50 years old— which have never been renovated. The oldest units were built in 1969; the other 40 were completed in 1974. According to Selectman Fleischman, the total estimated cost for renovations to all 80 units is \$2.051M. The FY appropriation of \$216,000 represents 8 kitchens and baths. Subsequent year requests are estimated at \$432,000 for FY16 (16 units) and FY17 (another 16 units). Ms. Fleischman said the remaining 40 units will be done at a later date. Mr. Clerkin added the State will contribute only about 20% toward the project.

The \$350,000 proposed allocation to Affordable Housing Reserves is to increase the fund balance for property maintenance and for “expiring use” properties. Mr. Clerkin explained that some of the long-term agreements on certain affordable housing properties—like Bedford Village—can expire. At that point, the owner can decide to convert property to market-rate and the town would then lose a percentage of its affordable rate rentals. The earmarked funds in the Affordable Housing Reserves could be used to acquire properties or as a way of helping owners maintain properties in exchange for an extension of the affordability agreement. Bedford Village will be Bedford’s first experience with 40B expiration. The last time the agreement was to expire, the owners extended the agreement after accessing State funding.

Mr. Moonan said the Town did purchase a two-unit house on Summer Street which it then sold as affordable.

Ms. McClung asked if deed restrictions would expire on houses the Town might buy to convert to affordable. Ms. Fleischman replied that the Town tries to make affordable housing perpetual so that deeds restrictions do not expire. Ms. Porter made the distinction between affordable rentals and affordable owned property. Ms. Perry added that the more recently added affordable housing stock is likely to be affordable in perpetuity while the older stock is more likely to have expiring use issues.

Mr. Clerkin said there are different kinds of affordable housing. Public housing, for example, never expires. Privately-owned, 40B type housing might expire or might be affordable in perpetuity. Mr. Clerkin said that properties like Bedford Village are affordable for the duration of mortgage; once the owner has paid off the affordable rate financing loans, he/she is free to sell the property or convert to market-rate.

Mr. Carluccio asked if the category of Affordable Housing is the only one with a reserve balance. Mr. Garofalo replied that there is a Historic Preservation balance but Affordable Housing is the only category with a reserve account. Mr. Carluccio asked why the Town would tie its hands by putting the funds into reserve rather than leaving it in the General Fund.

Mr. Clerkin replied that having it in the Affordable Housing Reserve makes the Town more nimble to act if opportunities arise. Mr. Carluccio said there’s more in the fund than needs to be because only a certain amount of the Ashby Place work can be done at one time. Mr. Clerkin said that 10% of the CP funds go into each category each year and the \$600,000 currently in reserve will be swept away just with the Ashby Place project.

Mr. Carluccio said that putting the money into Affordable Housing reserve ties it up, that you never know where else the funds might be needed in the meantime, and that money can be appropriated for Ashby Place in subsequent years when it can actually be used.

The appropriation of \$50,000 for a press box on Sabourin Field (part of a \$90,000 request) was then debated.

Mr. Bowen asked where the remainder of the money for the project would come from. Ms. Porter said the Mudge Fund is thought to be one source. Ms. Perry added that the Schools and the Recreation Department are two other possibilities. Mr. Clerkin said, if appropriated, the CP funds for the press box would not be available until July 2014. He said that allows time for the source(s) of remainder to be identified.

The \$10,000 in administrative costs is a yearly appropriation that covers things like coalition dues and legal postings in the newspaper. Mr. Garofalo said that the money is not always used up; what remains reverts to the General Fund.

Mr. Steele made the statement that he prefers to see the earmarked \$350,000 move to the General Fund so that it isn't tied up. Mr. Garofalo said that the Community Preservation Committee already voted its budget that includes the \$350,000 specifically for Affordable Housing Reserves. The line item could be defeated on Town Meeting floor, in which case the money would revert to the General Fund. Once the Committee has voted, the money cannot be moved at Town Meeting but a defeat would result in moving the money as a default action. Mr. Seibert asked whether CPC could vote to move it to the General Fund at a later time; Mr. Garofalo said this would be a question for the DOR.

Mr. Garofalo added that as long as the Town satisfies 10% per category as the Community Preservation Act stipulates, it can vote to move money from fund to fund. Only if more than 10% is placed in the Reserve can it be moved out at a later date. The reason the Affordable Housing Reserve account exists is because the obligatory 10% is not used every year; the money waits in the Reserve for a larger project or an acquisition.

Mr. Busa asked, given the expected CP FY15 revenue, whether \$176,000 is the 10% allocated to each category. Mr. Garofalo replied that it was, adding that the CPC used a match of 27% from the State as its working figure. Adjustments are made annually when the actual match percentage is known. The lowest the match has been to date is 29%. Mr. Garofalo said this year's match of 55% was unexpectedly high. He added that the only reason the Town gets as much as it does is because Town Meeting has approved the full 3% surcharge; the match percentage would be lower if the surcharge percentage was lower.

Mr. Carluccio questioned how the logistics of renovating kitchens and baths would work, given how disruptive the projects will be for tenants. Mr. Clerkin agreed there were some thorny issues and said that some units would be done when they became vacant or tenants might be relocated temporarily. Given the length of time the renovations might take, Mr. Carluccio repeated that the \$350,000 in reserve funds might be prematurely allocated. Mr. Clerkin replied that the reserve funds were not only set aside for Ashby Place but also for maintenance on other properties.

Ms. Perry asked if one of the uses for the Reserve Fund was the potential acquisition of the Coast Guard housing on Pine Hill Road. Mr. Clerkin said that there is a plan to have a charette done and to begin a public conversation about potential uses for the Coast Guard property. So far, the Government Accountability Office has not received word from the Coast Guard that the property will be decommissioned. The Town has made it known at the federal level through Congressman Tierney's office that it is interested in acquiring the property. However, there is a dispersal hierarchy that must be navigated and the Town would not be first in line.

Mr. Steele said, with respect to setting money aside to buy the Coast Guard housing, the CP is putting money away for something that may never happen. The property might go to another branch of government or to the highest bidder. Mr. Clerkin said this was merely another example of how the money could be used, not yet a concrete plan.

Ms. McClung asked if there has been a record of spending—percentage-wise— on the four CP categories over the years. Mr. Clerkin said his figures show, in total, that 15% of CP funds have been allocated for Affordable Housing; other categories represent higher percentages. Referring to the breakdown, Mr. Garofalo said that Open Space has received \$11,480,000; Historic Preservation appropriations \$5,480,000; Historic Preservations Fund \$1,154,000; Recreation \$4,767,000; Affordable Housing \$2,942,000; Admin costs \$121,000 (but approx. \$60,000 of that amount has reverted back to the General Fund.)

Mr. Seibert asked for a motion on **Article 18: Depot Building Restoration**.

Mr. Bowen moved to recommend approval of Article 18 as written in the warrant to amend the FY14 CP budget. If approved the article would allocate \$215,000 for the passenger depot building renovations.

Ms. Perry seconded the motion. The motion failed to pass on a vote of 4-2-1.

Seeing that no one member would motion to disapprove of the article, Mr. Carluccio moved that FinCom make a recommendation on Article 18 at Town Meeting. Mr. Steele seconded.

Mr. Seibert asked if the reason for postponing a decision on Article 18 meant that more information was needed. Mr. Carluccio said he felt conflicted because he also represents Babe Ruth Baseball, a tenant of the depot building. He voiced uncertainty about what will happen to the space the organization uses if the renovations go forward.

Ms. McClung asked what would happen if the renovation funds requested do not pass. Would only part of the project be completed? Mr. Reed said that half the project would be done and, because the first half includes the part of the building Babe Ruth occupies, the additional funds make no difference to the organization's displacement concerns.

Mr. Carluccio asked how displacement would be handled. Mr. Reed replied that the Town intends to help Babe Ruth relocate temporarily. He added that the bids have come in for the whole project but the

Selectmen have to award the contract. Once the formal contract is approved, further discussions with the tenants about their disposition will take place.

The vote to make the recommendation on Article 18 at Town Meeting failed 0-5-2. Because the Committee has a choice of only three votes about the warrant articles, the default vote in this case is that recommendation will be made at Town Meeting, even though the direct motion to achieve this outcome failed.

As for the remainder of the Community Preservation budget, shown in 13 line items within Article 19, Mr. Bowen made a motion to recommend approval items 1-11 as written in the warrant. Mr. Steele seconded. The motion failed 4-3-0 because members wanted to discuss each line item separately.

***Article 19 as it appears in the draft warrant:***

- 1 Administrative \$ 10,000.00
- 2 Affordable Housing Consultant \$ 15,000.00
- 3 Bond Payment – Town Center \$ 199,900.00
- 4 Bond Payment – 350A Concord Road \$ 477,813.00
- 5 Pedestrian Master Plan \$ 40,000.00
- 6 Shawsheen Pump House Restoration \$ 102,953.00
- 7 Town Hall Aluminum Window Rehabilitation \$ 15,275.00
- 8 Springs Brook Park Driveway Hardscape \$ 72,224.00
- 9 Sabourin Field Press Box \$ 50,000.00
- 10 Ashby Place Kitchen and Bath Refurbishment \$ 216,000.00
- 11 Historic Properties Preservation Fund \$ 200,000.00 (Note: this amount will be revised to \$215,000)

RESERVES

- 12 Affordable Housing \$ 350,000.00
- 13 General Reserves \$ 350,000.00

TOTAL \$ 2,099,165.00 (Note: because item 11 will be revised upward by \$15,000, the total will be as well.)

Moving through the individual line items, the Committee determined which needed further discussion and which could be expedited for approval. Mr. Bowen made a motion to recommend approval of Article 19, items 1-8 and item 10 as printed in the warrant. Mr. Carluccio seconded. The motion passed 7-0-0.

Mr. Bowen then made a motion to recommend approval of Article 19, item 9 as printed in the warrant. Ms. McClung seconded.

Mr. Steele asked what will happen the press box turns out not to qualify for CP funding. Mr. Garofalo said the item would be removed from the warrant as would FinCom's recommended approval, if the motion passed. The answer to the question about qualification will be known before the warrant goes to print.

The motion to approve passed 5-2-0.

Mr. Bowen moved that FinCom recommend disapproval of Article 19, items 11 and 12. Ms. McClung seconded.

Following questions about item 12, Selectman Fleischman said that several years ago, the Historic Properties Fund was established to extend the life of CPA funds for future, ongoing capital historic property needs. The goal was to create “an approximately million-dollar fund” to support properties, even if CP ceased to exist. For convenience, money has been expended from the Fund so that projects can get underway without waiting for the next fiscal year’s CP revenue. The understanding, however, is that once revenue does come in for the next year, the depleted Fund will be replenished so that the long-term plan to reserve \$1M can be maintained. Ms. Fleischman specified that the Selectmen control the Fund but CPC is consulted before money is allocated for qualifying purposes, normally not exceeding \$75,000. Because the amount now required is over that limit, approval of Town Meeting is needed. Mr. Reed said that Town Meeting passed this rule when it set up the Fund. Mr. Garofalo said the current balance in the Fund is \$894,000.

Mr. Bowen and Ms. McClung withdrew the motion and the second.

Mr. Bowen then made a motion to recommend approval of Article 19, items 11 and 13 as printed in the warrant. Ms. McClung seconded.

In discussion before the vote, Mr. Garofalo said that item 13 would not be tying anyone’s hands. Any money not used would revert to the Undesignated Fund Balance. Mr. Bowen said he did not include line item 12 in the motion because FinCom wants to see the amount reduced. Mr. Garofalo replied that FinCom can only recommend approval, disapproval or give a recommendation at Town Meeting. The argument for a lower amount can be introduced at Town Meeting. The General Reserve can’t be increased but the difference between the requested amount and the approved amount would go into the Undesignated Fund Balance. The funds could then be rebalanced at Special Town Meeting.

Mr. Carluccio asked what the rationale was for holding \$1M in reserve and how much had been spent over time from the Fund. Ms. Fleischman explained it is the longevity of the Fund that underlies the rationale. To get to the \$1M mark, \$250,000 was set aside each year for 4 years. Since then, small disbursements have been made from the Fund that have subsequently been replaced. The current request of \$215,000 would be the largest dip into the Fund made to date. Since 2006, other smaller projects totaling \$239,000 have received this form of advance from the Fund. Any project requesting over \$75,000 from the Historic Properties Fund must gain Town Meeting approval; otherwise the Fund is under the control of the Selectmen.

Mr. Reed said there is also a Land Acquisition Reserve Fund that was created prior to the Historic Properties Fund. This Fund was established to acquire parcels from a Town Meeting-approved list so the Town can act if the properties become available. The balance in the Land Acquisition Fund is now \$287,000.

The motion to approve items 11 and 13 failed on a 4-3- vote. Mr. Seibert asked if there was a motion to disapprove. Mr. Carluccio instead made a motion to approve Article 19, item 13 as written in the warrant. Ms. McClung seconded. The motion passed by a vote of 6-1-0.



Mr. Bowen made a motion to make a recommendation at Town Meeting on Article 19, item 11. Ms. McClung seconded. The motion failed with a vote of 3-4-0. By default, the warrant will read that FinCom will give its recommendation at Town Meeting.

On the remaining item, Mr. Steele made a motion to recommend disapproval of Article 19, item 12 as written in the warrant. Ms. McClung seconded. The vote to disapprove passed by a vote of 6-1-0.

### **Model 3.0**

Mr. Garofalo listed the changes made in the financial model since last week:

- The sewer revenue has been revised due to changes in sewer assessment. Mr. Garofalo had been using 2.5% in the sewer assessment but new information from MWRA shows that 4.2% is more accurate.
- The Community Preservation number changed to reflect the budget. The line item “is more of an in-and-out and doesn’t really change anything”, Mr. Garofalo said.
- Prior article balances of \$16,441 on the Capital article. This will be detailed later in the meeting during the warrant discussion.
- Under Financial Committees, the FY14 Reserves have been increased to \$ 779,982. To cover this increase, \$100,000 in Free Cash and \$54,000 from the Sewer Fund was added, as approved at FinCom’s Feb.6 meeting.
- The Board of Health budget number has been amended to reflect a smaller over-guideline amount of \$2052. This change is due to a new hire whose salary will be lower than the previous employee’s. The BOH is still looking for the additional contingency amount of \$4050 to fund a consultant to analyze the School Nurse program.
- The library has decided to reduce its expense line item but then to increase its salary line. To compensate, money will be used from the special trust funds. With this adjustment, the Library now comes in at guideline.
- Mr. Garofalo also reduced the Capital article by \$4,000 because the original calculation of the total of the capital items was off by that amount.
- The bonding line item has been changed to reflect the \$2M sewer project that will replace 2700 feet of pipe.

Mr. Garofalo said there is still \$294,053 in flux and unassigned. BOH, Planning, and Schools are all over guideline and still require budget votes.

Mr. Busa recommended that FinCom go through the financial model to “make sure people are comfortable with our assumptions” before relying on \$294,053 as a firm figure. Is State Aid accurate? Does the FinCom want to increase or decrease some of the reserve accounts?

Starting with Free Cash, certified at \$2,902,314, Mr. Garofalo said that \$ 1,952,000 will be utilized for FY15 and \$100,000 for FY14 leaving \$850,000. FinCom’s policy to leave 1% of the Operating Budget in

Free Cash means that \$760,000 should remain in the account. Mr. Steele made a motion to move \$90,000 from Free Cash to the Operating Budget. Mr. Busa seconded. The vote passed 7-0-0.

State Aid was discussed, although it is early to be confident in the number. The current expectation from the State is \$5,896,903 in revenue. Members decided to leave the number as it stands and adjust it at Special Town Meeting.

The snow deficit is a moving target. Mr. Garofalo recommended leaving current \$300,000 as it is in the model, saying the average use from the account has been \$220,000.

The FinCom Reserve includes money for water flushing, sewer repair and the homeless student transportation. The policy is to hold 0.5% of the Operating Budget in the account but Mr. Bowen pointed out that there are some quantifiable “knowns” being addressed with the funds. The expected reimbursement of \$150,000 for FY14 homeless student transportation will be received in FY15; it is itemized under “Additional Non Recurring State Aid. So far, reimbursement has been 100%.

Mr. Steele moved to adjust the expected Non Recurring State Aid line item to \$250,000. Mr. Carluccio seconded. The motion passed 7-0-0.

Mr. Bowen moved to reduce the expected increase in the State Aid number by \$50,000 to \$150,000. Mr. Busa seconded.

Mr. Bowen argued that, last year, additional State Aid was split into three equal amounts for three different purposes including Stabilization Fund and reduced tax levy. Mr. Seibert said the State Aid number included a safe margin so he disagreed the move was necessary.

The motion failed on a vote of 3-4-0.

Mr. Garofalo said the Town is on target for OPEB allocations.

Mr. Carluccio moved that the Finance Committee’s Reserve Fund be increased to \$730,000 so that the \$350,000 set aside for homeless student transportation is out of the 0.5% FinCom Reserve equation. Mr. Bowen seconded. The motion passed on a vote of 7-0-0.

School Committee Chair Pierce commented that the number of homeless students has declined since the funds were set aside, suggesting that the full \$350,000 may not be needed. Superintendent Sills concurred, adding that the State has pledged not to “backfill” with new families.

Lack of concrete information about homeless student numbers remaining in Bedford— or being transported to and from Bedford— served to keep the reserve amount where it stands for the time being.

At this point, Mr. Garofalo updated the number in flux as being \$363,333.

Mr. Seibert asked about the Pension Trust Fund. Mr. Garofalo said the balance that should be used is based on the 2035 date, when the Town is mandated fully fund the Trust. This means that a lower amount is needed per year to amortize the liability and that \$66,000 could be utilized.

Mr. Steele moved to utilize \$66,000 of the Pension Trust Funds. Mr. Bowen seconded. The motion passed 7-0-0.

The amount in flux was then revised to \$429,333.

Mr. Busa suggested \$560,000 more than \$1M could be left in excess levy capacity. Ms. Perry said amount has been lower and higher than \$1M but that \$1M has been the rule-of-thumb level.

Mr. Seibert moved the discussion to Capital bonding to see whether funds could be freed up for the Operating Budget. He questioned whether the JGMS wireless expansion project of \$160,000 could be bonded instead of paid in cash, adding that last year he wanted to hold the line on borrowing but this year budgets are higher and the percent of Operating Budget that bonding represents is lower than 9%.

Mr. Busa said 2019 would be a better year to increase bonding. Ms. Perry added that 10% of the Operating Budget used to be considered the upper limit of the bonding ratio; 7.5% is more desirable, unless major building projects were underway.

Mr. Bowen asked whether the debt ratio includes the \$2M sewer project. Mr. Garofalo said it does not; he added that the duration of the bond will be 20 years. Including it in the debt total brings the ratio up to 9.16%. The other project not included in the debt forecast is the Town Hall heating system project which is not on the warrant this year.

Mr. Carluccio asked what projects on the Capital projects list would be next in line for bonding. Mr. Seibert said, in his opinion, it would be Davis and Lane space modifications for a total of \$104,760.

Mr. Garofalo said bonding articles require a 2/3 vote at Town Meeting. He added that the Town did not often bond items this small and that there are additional loan origination costs that include interest, financial adviser fees, rating agency costs, legal counsel costs. These issuance costs for the high school were over \$220,000 and a rating call alone can cost \$5,000-\$10,000. But, he added, anything could be bonded and other towns— like Weston— do it frequently. Bundling several projects to borrow a higher amount would spread the issuance costs over more than one project.

Mr. Reed said, rather than bonding, it might be better to consider paying cash but then not put money into the Stabilization Fund.

Ms. Perry questioned bonding when the Town can pay cash. She added that she would like to see the debt ratio go down to 7.5% to allow for major projects that are sure to come along.

Mr. Seibert said the ratio would be below 7.5% in three years. Mr. Busa and Ms. Perry said the ratio never goes down as much as projected.

Ms. Perry and Mr. Carluccio asked FinCom to consider how much the remaining over-guideline requests amount to.

**Board of Health budget votes:** Mr. Seibert said the amount over guideline to cover School Nurse salaries is \$2052. Mr. Bowen moved to approve the increase over guideline for the Board of Health salaries in the amount of \$2052. Mr. Carluccio seconded. The motion was approved 7-0-0.

Next, the contingency request for \$4050 to hire a consultant to assess the School Nurse program was addressed. Mr. Carluccio motioned to recommend disapproval of the contingency item. Mr. Busa seconded.

In discussion, Mr. Carluccio said it was redundant to hire someone to help make a decision that could be done internally. Mr. Seibert asked Superintendent Sills if the Schools were prepared to do an analysis of the School Nurse program. Mr. Sills responded that the Schools were not driving that discussion and that the Board of Health's request for the Schools to take over the nurses came after the current contract had been negotiated. He said the Schools did not want to inherit a contract they'd had no part in creating but once the contract is up, they would take another look at it.

Mr. Reed added that the focus of the consultant would be supervision of the Nurses on a clinical level, not which department the budget falls under.

The motion to disapprove the contingency request passed with a vote of 6-1-0.

**Planning Board budget vote:** In answer to a question raised at the Feb. 6 meeting—"Can we use the money in the Planning special accounts to offset salaries?"—Mr. Garofalo said the money could not be used because the funds—about \$17,000— came from forfeited bonds for two now-completed projects. The fund has been closed and the money transferred to the Undesignated Fund balance.

Planning is looking for \$11, 503.41 to increase the Assistant Planner from part-time to full-time. Planning Director Garber enumerated the reasons why the additional staff time is necessary. First, he noted that the Comprehensive Plan was conducted primarily in-house, with minimal outside consulting. He calculated this saved the town at least \$125,000. But, he added that getting to the end of the Comprehensive Plan creation was just the beginning of the process and that the action items must now be executed.

Mr. Garber added that in the years since he came on board, the Planning Office has come from "creaky and inefficient" to fully electronic, efficient and communicative. The office supplies technical assistance to applicants and provides "good land use and legal decisions that help keep us out of court and save money."

There were also several "messy and incomplete" projects Mr. Garber inherited that are now either sorted out or "on the road to resolution."

Mr. Garber provided three examples of the kind of effort needed to implement the new Comprehensive Plan:

- 1) Revisit mixed-use zoning to figure out what original aspirations were, where the bylaw has and hasn't succeeded, research and revise the bylaw, communicate the issue to the public, and pass amendment with a 2/3 vote at Town Meeting. Mr. Garber called this "a huge undertaking" and perhaps the highest-priority outcome of the Comprehensive Plan. He said it could take several years of effort.
- 2) Study and prepare a zoning strategy report for a possible Great Road Commercial Overlay to invigorate the Great Road shopping area. Twelve to eighteen months of effort are projected.
- 3) Investigate how an updated residential zoning bylaw would serve Bedford as a mature, built-out suburban community. Current zoning is obsolete and has not been effective in protecting natural resources, habitats, open space, and recreation land. Mr. Garber said there remain 47 5-10 acres parcels that currently do not hold more than one house. A modern, cluster housing plan would "save the best open spaces at zero public expense."

Mr. Seibert asked what would happen if the additional salary was not approved. Mr. Garber said that slower progress would be made toward implementing the goals of the Comprehensive Plan. He added he has already put in a substantial amount of overtime and would not be able to keep up the same pace.

Mr. Garofalo said the additional staff hours do not have an effect on benefits since the Assistant Planner is already eligible. There is, however, a slight effect on Medicare expenses but none on OPEB.

Mr. Bowen and Mr. Carluccio voiced agreement that investment in the Planning Office was worthwhile and overdue.

In response to a question from Ms. McClung, Mr. Garber said the Assistant Planner is able to speak to the health and wellness issues addressed in the Plan. He added that his office would also work closely with the new part-time Economic Development Officer, once he/she is hired, so that commercial development can once again become robust.

It was clarified that the additional \$11,500 requested would raise the Assistance Planner from 31 to 40 hours, not from 24 to 40 hours. This is because the Comprehensive Plan consultant fee had not been removed from the FY15 budget.

Mr. Bowen moved that FinCom increase the Planning Board budget by \$11,503 above guideline, making the total budget \$176,798. Mr. Carluccio seconded. The motion passed on a vote of 7-0-0.

At this juncture, Mr. Garofalo said the amount remaining in flux equaled \$415,778 after the last two budget votes.

**School budget:** The two budget numbers now to be addressed are \$643,556 for the school budget and \$208,700 for school employee benefits totaling \$852,556. Mr. Garofalo noted that the benefit number includes not only health insurance—although that is the biggest component— but also Workman's Comp, OPEB and Medicare.

Mr. Seibert asked if none of the \$643,556 above guideline was approved, would any of the \$208,700 be needed? Mr. Garofalo replied that, as it stands, all of the \$208,700 reflects the staff increase numbers but the Schools could decide to cut in other areas and still hire the proposed staff. How the money is allocated is up to the School Committee. Mr. Sills said his focus would be to preserve positions so most of the \$208,700 would stand.

With this in mind, FinCom subtracted \$208,700 from \$415,778 and arrived at \$207,078 remaining in flux.

Ms. Perry said she was inclined to make \$300,000 available to the Schools.

Attempting to liberate funds from elsewhere, Mr. Seibert asked whether it was reasonable to expect the DPW to do all the projects that funds have been approved for. Mr. Reed replied that the amount approved for the DPW doesn't meet all the needs identified.

Mr. Carluccio asked "a bigger picture question" of the Schools: Is there acknowledgement that the Schools have to limit budget growth to the 3% range? Will 3% be feasible given unfunded mandates, unforeseen events, and the desire to be on the cutting edge of technology in education?

Mr. Pierce replied that, under "normal" conditions, the 3% growth (about \$900,000 for FY15) would have been adequate but mandates "put us out of whack." Situations such as negotiating to get proper compensation for educating Hanscom students "take a lot of work and a lot of time". Special Education and the growth in enrollments have also worked to push increases over 3%. The mandates protect certain groups of students so when the money migrates to satisfy those groups' needs, "regular ed" students are adversely affected.

Mr. Bowen questioned why an increase of 11.5 FTEs last year was needed for enrollment of an additional 20 students. This year, more FTE's are proposed. Mr. Pierce replied there has been a population explosion at the kindergarten level that will now travel through the whole system. Additionally, there have been enrollment increases at the high school.

Superintendent Sills added that FTEs were held steady for a number of years except in Special Education when in-house programs were built to defray outside placement costs.

Mr. Piece said there has been a housing stock turnover, as noted by the Assessors in a recent meeting, which has increased school enrollments. Seniors sell to families with children which add to the school-age population.

Mr. Sills explained that when the high school population increases to a certain point, multiple FTE involving multiple subject areas must be added. At the elementary level, spikes at certain grade levels require adding classroom teachers even if aggregate elementary numbers hold steady or decline. Mr. Pierce added that another enrollment increase is expected in the fall of 2014 at the high school.

Mr. Bowen asked if the SpEd enrollment numbers have been broken out. Mr. Sills said in-house specialized SpEd programs created in 2007/08 now service 160 students. In regular SpEd classes at BHS,

105 students are served. At JGMS, 65-75 are served. All together, the system has 350-400 SpEd students. The 82 out-of-district placement students costing \$5M for tuition and transportation are not included in this total.

Selectman Moonan wondered whether the School Committee would consider withdrawing Capital requests for \$170,000 so this amount could be dedicated to their Operating Budget.

Mr. Busa said the last time there was a major budget agreement impasse between FinCom and School Committee was former Superintendent LaCroix's last budget when talk turned to cutting middle school sports programs. That, too, was a contract year and Mr. Busa said what settled the difference was an agreement to hold salary increases to 8.9% over the three-year period. He added that if similar terms were negotiated for the next three years, the savings would again solve the problem. Since Prop 2 ½ was passed, the School system has adjusted its salary contracts accordingly, resulting in "a recurring nightmare" because "75% of the school budget is salaries."

Mr. Busa added he agreed with Ms. Perry to approve \$300,000 above guideline for the Schools, about half of the \$643,556 delta.

Mr. Garofalo said the OPEB amount could be taken out and replaced later. That would reduce the \$208,000 benefits number to \$190,000, thus liberating \$ 28,000.

Ms. McClung said she was disappointed that the additional funds for the Healthy Bedford Coordinator didn't receive as much scrutiny as they could have. The amount was small—\$6751—but it seemed to her that the same work would be overlapped by the Planning Office.

Mr. Garofalo clarified that the Healthy Bedford Coordinator compensation was within the Selectmen's budget and included in the \$55,000 over-guideline amount along with Veterans' benefits.

Mr. Carluccio asked how Capital projects would be withdrawn from the list. FinCom could make a recommendation in this regard to the Selectmen but if they didn't approve it—and FinCom voted to give the same amount to the Schools—the sum would have to come from somewhere else.

Mr. Carluccio asked the Schools to take a look at their special funds to see if money could be found there.

Ms. McClung asked if there was a costs associated with the one-to-one initiative. Mr. Sills replied that over the past three years it has costs about \$300,000, not including \$185,000 for infrastructure.

Ms. McClung said she sees the future as one in which students will bring their own devices so the need for the Town to provide devices will end. Mr. Sills agreed but the time for that eventuality is in the distance when devices will be more interchangeable.

Ms. Perry expressed concern about the growth in FTEs noting in the past that the State's website has shown a lower-than-average student/teacher ratio when Bedford is compared to similar towns.

Mr. Sills said he's "taken this comment to heart" and examined the numbers. Bedford is now "full" with classes at capacity. He added that the creation of in-house SpEd programs also impacts the teacher/student ratios, especially because the nature of Special Education necessitates lower teacher/student ratios. Additionally, the district has been more careful about referring students for SpEd serves. Ms. Perry said the last time she looked, SpEd numbers had grown in comparable towns as well. However, she did agree that Bedford's ELL population has grown. Mr. Sills said the percentage in the last five years has gone from 1.1% to 5.1%. For a population of about 130 students, there are 6 or 7 FTEs.

A variety of funding strategies were contemplated including reduction of overlay by \$50,000; expectations of additional State Aid; bonding; reduction of the unused levy capacity; removal of several School-based Capital projects to liberate funds for the Operating Budget; and lowering the amount dedicated to road resurfacing.

Since some of the options required agreement from the Selectmen and consultation with Capital, Mr. Garofalo recommended confining the options to ones over which FinCom had control. Mr. Carluccio recommended taking a vote and working out the details later. To balance the budget, State Aid can at least temporarily increase. If the Selectmen choose to bond some of the Capital projects, adjustments can be made to the model at subsequent meetings.

Mr. Busa made a motion to increase the School budget over guideline by \$325,000 and increase the insurance and benefits budget by \$190,000. Mr. Bowen seconded. The motion passed 6-1-0.

Mr. Busa then moved to increase the estimate of State Aid by \$99,222. Mr. Steele seconded. The motion passed 7-0-0.

The total FY15 Bedford budget is now \$77,328,900— \$583,723 over the initial guideline. Because model 3.0 must be adjusted to reflect the night's decisions, the motion was made by Mr. Steele to recommend approval of \$77,328,900 as outlined in updated model 3.1. Ms. McClung seconded. The motion passed on a vote of 7-0-0.

#### **Warrant:**

Ms. Perry moved that the Finance Committee recommend approval of **Article 2: Debate Rules** as written in the warrant. Ms. McClung seconded. The motion passed 7-0-0.

Ms. Perry moved that the Finance Committee recommend approval of **Article 3: Consent Article** and **Article 4: Reauthorization of Revolving Funds** as written in the warrant. Ms. McClung seconded. The motion passed 5-2-0.

Ms. Perry moved that the Finance Committee make recommendation at Town Meeting for **Article 5: Bills of Prior Years** and **Article 6: Zoning Bylaw Amendment – Flood Plain Map Reference** as written in the warrant. Ms. McClung seconded. The motion passed 7-0-0.



Ms. Perry moved that the Finance Committee make a recommendation at Town Meeting on **Article 7: Street Acceptance – Hartwell Road** as written in the warrant. Ms. McClung seconded. The motion passed 7-0-0.

Ms. Perry moved that the Finance Committee recommend approval of **Article 8: Street Acceptance – Ellingson Road; Article 9: Street Acceptance – Donovan Drive; Article 10: Street Acceptance – Copeland Drive and Article 11: Street Acceptance – Buehler Road** as written in the warrant. Ms. McClung seconded. The motion passed 7-0-0.

Ms. Perry moved that the Finance Committee recommend approval of **Article 12: Cable Television PEG Access Services Agreement Term** as written in the warrant. Ms. McClung seconded. The motion passed 7-0-0.

Ms. Perry moved that the Finance Committee make a recommendation at Town Meeting on **Article 13: Aspen Technology Tax Increment Financing Agreement** as printed in the warrant. Ms. McClung seconded. The motion passed 7-0-0.

Ms. Perry moved that the Finance Committee recommend approval of **Article 14: Shawsheen Cemetery Preservation Restriction** as printed in the warrant. Ms. McClung seconded. The motion passed 6-1-0.

Article 15: Mr. Reed explained the sewer break situation. He said there is an understanding that Hanscom will contribute 20% of the repair costs but the Town can't wait for the wheels of federal appropriation to turn before the problem is addressed. Therefore, the whole cost must be appropriated at Town Meeting and the 20% will be paid back at a later date. Mr. Reed added the reimbursement will probably be deposited in the Sewer Fund to reduce or hold sewer rates steady.

Mr. Seibert asked if the \$1.7M Sewer Fund could be used to offset the amount to be bonded. Mr. Reed said that would involve a longer conversation but it was an option. However, for the purpose of wrapping up the warrant, the full amount needs to be approved now and adjusted at a later date.

Ms. Perry moved that the Finance Committee recommend approval of **Article 15: Bond Authorization – Great Road/Bedford Street Sewer Force Main Improvement** as written in the warrant. Ms. McClung seconded. The motion passed 7-0-0.

Ms. Perry moved that the Finance Committee recommend approval of **Article 16: Bond Authorization – Water Main Improvements** as written in the warrant. Ms. McClung seconded. The motion passed 7-0-0.

Mr. Seibert asked Mr. Garofalo to provide a debt plan that includes items like the sewer and water projects.

Ms. Perry moved that the Finance Committee make a recommendation at Town Meeting of **Article 17: Capital Projects Plan—Fiscal Year 2015** as written in the warrant. Ms. McClung seconded. The motion passed 7-0-0.

**Article 18: Amend FY14 Community Preservation Budget and Article 19: Community Preservation**

**Budget – Fiscal Year 2015** were voted earlier in the meeting.

Ms. Perry moved that the Finance Committee recommend approval of **Article 20: Community Preservation Land Acquisition Fund** as written in the warrant. Ms. McClung seconded. The motion passed 7-0-0.

Ms. Perry moved that the Finance Committee make a recommendation at Town Meeting on **Article 21: Appropriate Funds for Bedford Permanent Firefighters Association Agreement** as written in the warrant. Ms. McClung seconded. The motion passed 7-0-0.

Ms. Perry moved that the Finance Committee make a recommendation at Town Meeting on **Article 22: Supplement Operating Budget for Fiscal Year 2014 and Articles of the 2013 Annual Town Meeting** as written in the warrant. The motion passed 7-0-0.

Ms. Perry moved that the Finance Committee make a recommendation at Town Meeting on **Article 23: Salary Administration Plan Bylaw Amendment – Classification & Wage Schedule** as written in the warrant. Ms. McClung seconded. The motion passed 7-0-0.

**Article 24: Operating Budgets – FY15.** Ms. Perry moved that the Finance Committee recommend an operating budget of \$77,449,620 as outlined in model 3.1. Ms. McClung seconded. The motion passed 7-0-0. [Note: due to a clerical error, this is an updated total from the previously approved \$77,328,900 as seen on page 16 of these meeting notes. The updated total is \$704,443 above guideline. ]

Ms. Perry moved that the Finance Committee recommend approval of **Article 25: Ambulance Enterprise Budget - FY15** as written in the warrant. Ms. McClung seconded. The motion passed 6-0-1.

Ms. Perry moved that the Finance Committee recommend approval of **Article 26: Salary Plan Additional Funding** as written in the warrant. Ms. McClung seconded. Mr. Reed said the average amount is 3.34% over base salaries for the Town's 87 non-union employees. Not all the merit money will be awarded so some of the proposed \$148,625 will not be spent. The motion passed 6-1-0.

Mr. Carluccio moved that the Finance Committee make recommendations at Town Meeting on **Article 27: Other Post-Employment Benefits Liability Trust Fund Appropriation; Article 28: Supplement Accrued Sick Leave Fun; Article 29: Stabilization Fund Appropriation: and Article 30: Free Cash** as written in the warrant. Mr. Busa seconded. The motion passed 6-1-0.

Mr. Busa moved that the meeting be adjourned. Mr. Steele seconded. The motion passed 7-0-0.

Respectfully submitted,  
Kim Siebert, FinCom Recording Secretary